



## OFFICE OF MANAGEMENT AND BUDGET

# FAIRFAX COUNTY ECONOMIC INDICATORS ©

Publication 66

SEPTEMBER 1997

### ◆ ◆ ◆ SEPTEMBER HIGHLIGHTS ◆ ◆ ◆

- ❑ The employment of Fairfax County residents expanded 6.1 percent in July, indicating significant area job growth, according to the Virginia Employment Commission.
- ❑ Despite a strong increase of 8.2 percent in the County's September sales tax receipts, collections for FY 1998 lead the prior year by a slim 1.5 percent margin. Most other Northern Virginia localities are experiencing cumulative declines relative to last year.
- ❑ Issues of residential building permits by the County remained fairly steady in August, posting a slight 0.8 percent gain. Through August, issues trail last year by a significant 32.4 percent margin. This decline is due primarily to the multifamily component.
- ❑ Three months of strong performance in the nonresidential component have resulted in a lead of 39.9 percent, or 53 permits.
- ❑ Home sale data, in terms of volume, through August indicate a further weakening in the new home segment. By contrast, the sales volumes of existing homes continue to outpace 1996.
- ❑ The County Coincident Index inched forward in July, while the County Leading Index slipped. Despite the recent declines in the County Leading Index, the Index has gained 1.4 percent over the last 12 months and still points to further moderate economic expansion.
- ❑ A recent report released by the Metropolitan Washington Council of Governments identified Fairfax County as leading the region in economic growth.

Fairfax County Economic Indicators are now on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>

If the web versions are sufficient for your needs, please contact Marijke Hannam at (703) 324-4518 to be taken off the monthly mailing list.



### RESIDENTIAL EMPLOYMENT - JULY



Source: Virginia Employment Commission  
Compiled by the Fairfax County Office of Management and Budget

#### **Employment expands 6.1 percent...**

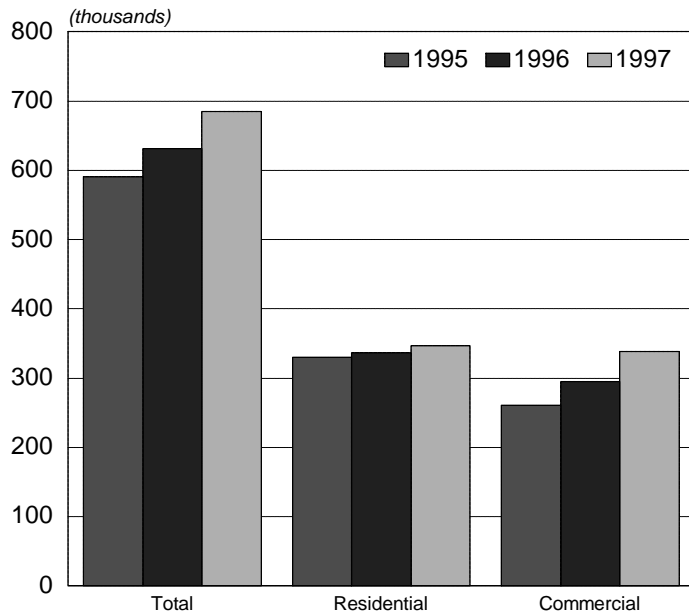
In July, the County's unemployment rate declined to 2.3 percent. In addition, July's rate is less than the 2.7 percent registered one year ago. According to the Virginia Employment Commission (VEC) 533,502 Fairfax County residents were employed in July, up 6.1 percent, or 30,688 jobs, over the prior year.

#### **Unemployment rates on State and national levels edge down in July...**

The Commonwealth's unemployment rate also declined in July, dropping 0.4 percentage points to 4.3 percent. According to the Bureau of Labor Statistics, the national unemployment rate erased June's 0.2 percentage point increase in July, declining to 4.8 percent.



### BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - AUGUST



Source: Bell Atlantic  
Compiled by the Fairfax County Office of Management and Budget

#### Business telephone lines account for nearly half of total lines...

Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 684,701 telephone lines as of August 31, up 8.4 percent, or 53,085 lines, over August 1996. Consistent with past trends, the business sector is responsible for the majority of this growth, adding 42,974 lines, since August 1996. In August, 338,032 business telephone lines were registered in Fairfax County, up 14.6 percent over last year. Residential telephone lines totaled 346,669 in August, up 3.0 percent, or 10,111 lines, over 1996.

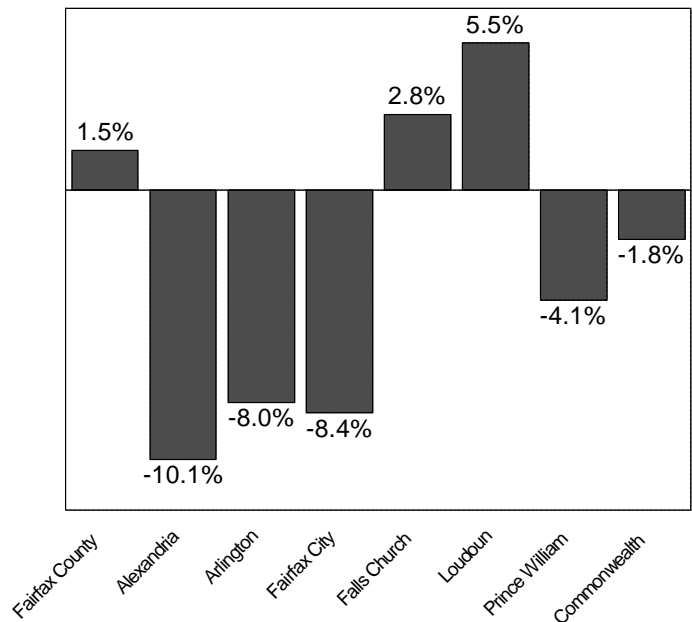


#### County sales tax receipts outpacing last year by slim margin...

Fairfax County's September sales tax receipts, representing retail purchases made in July, topped the prior year by 8.2 percent. To date, fiscal year sales tax receipts total \$16.8 million and lead FY 1997 by a 1.5 percent margin.



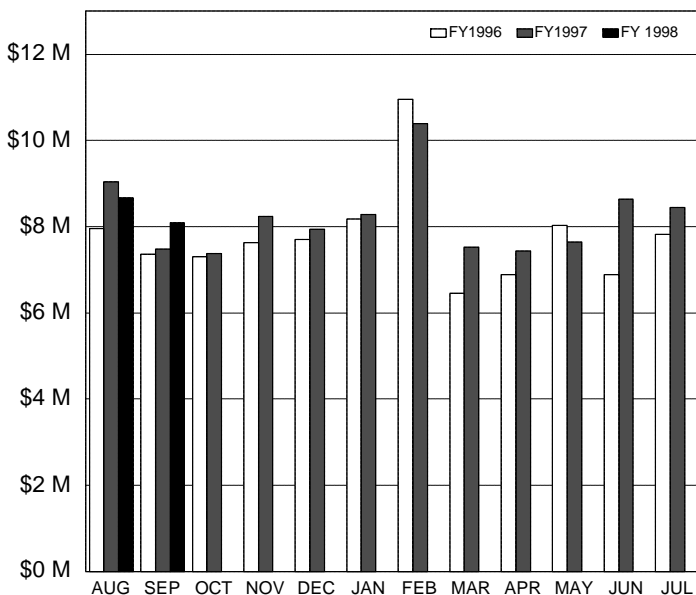
### FY 1998 SALES TAX RECEIPTS - THROUGH SEPTEMBER



Source: Virginia Department of Taxation  
Compiled by the Fairfax County Office of Management and Budget

### SALES TAX REVENUES

(revenues represent retail sales two months prior)



Source: Virginia Department of Taxation  
Compiled by the Fairfax County Office of Management and Budget

#### Most other Northern Virginia localities experiencing declines in their sales tax receipts...

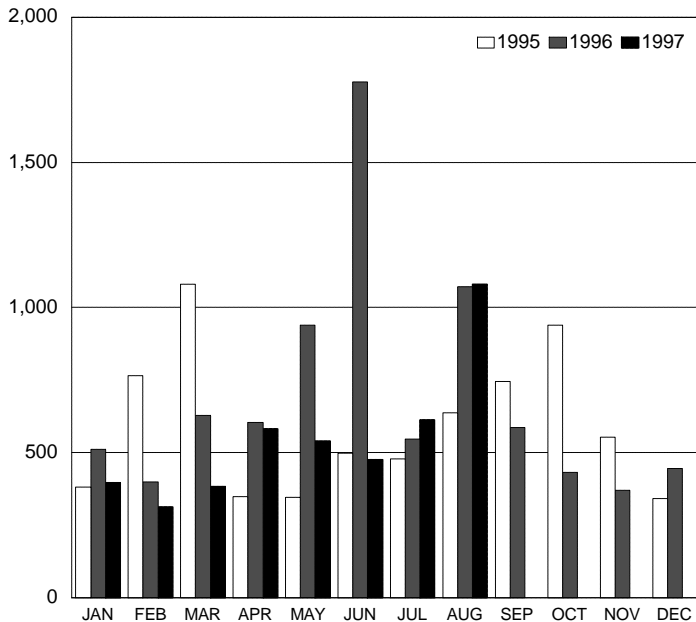
July retail performance throughout Northern Virginia outperformed the prior year in every jurisdiction except Fairfax City and Falls Church, as indicated by September sales tax receipts. For the first two months of FY 1998, sales tax receipts are up 5.5 percent in Loudoun and 2.8 percent in Falls Church. By contrast, sales tax receipts trail the prior year by 4.1 percent in Prince William, 8.0 percent in Arlington, 8.4 percent in Fairfax City and 10.1 percent in Alexandria. The Commonwealth experienced a 5.2 percent increase in total sales tax receipts in September. As a result, the cumulative deficit relative to FY 1997 narrowed to 1.8 percent.

#### National retail sales top prior year by 5.2 percent in July...

According to the Commerce Department, retail sales on the national level in July topped the prior year by 5.2 percent. Nondurable goods sales posted a 4.7 percent advance while durable goods sales topped the prior year by 5.9 percent.

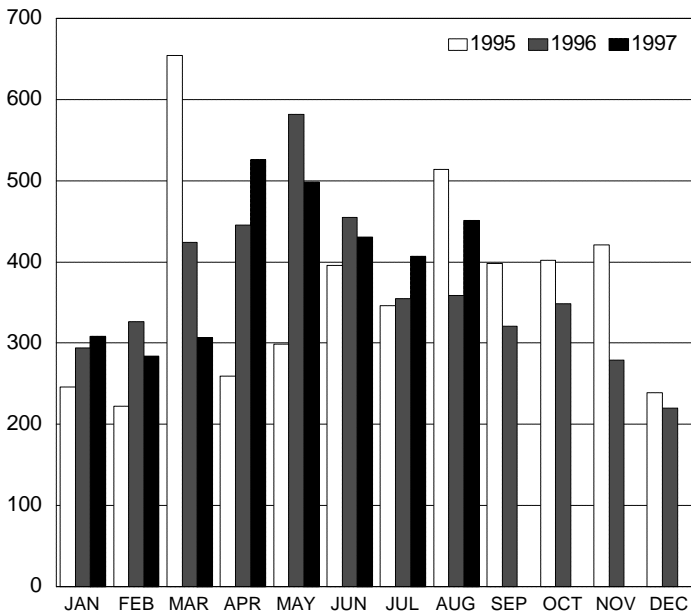
## BUILDING PERMITS IN FAIRFAX COUNTY

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



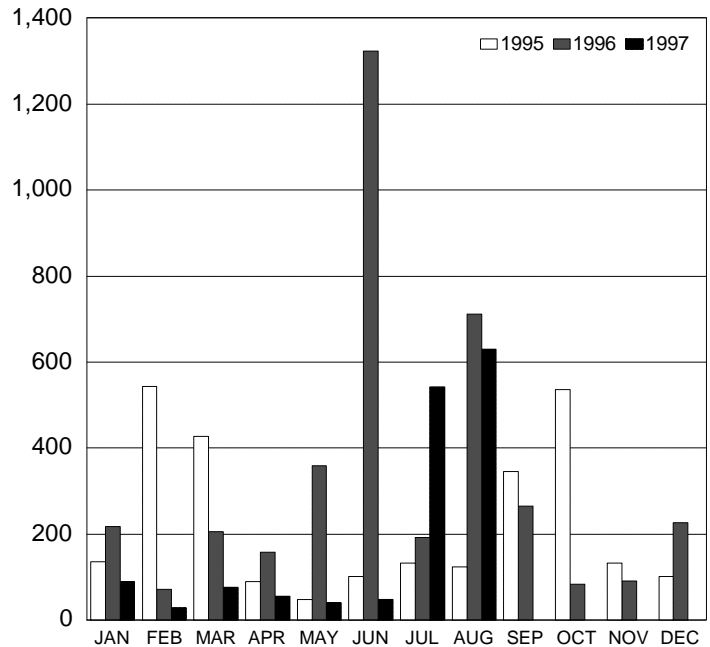
Source: Department of Environmental Management  
Compiled by the Fairfax County Office of Management and Budget

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



Source: Department of Environmental Management  
Compiled by the Fairfax County Office of Management and Budget

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



Source: Department of Environmental Management  
Compiled by the Fairfax County Office of Management and Budget

is due primarily to the multifamily component. Once again the number of permits issued for multifamily structures underperformed the prior year in August. Consequently, the 1,170 permits issued to date trail that of 1996 by 63.9 percent, or 2,068 permits. On a less negative note, 3,211 permits have been issued through August for single family structures, down just 0.9 percent, or 29 permits, from 1996. Residential repair and alteration permit issues lagged again in August, thereby eroding a year-to-date lead relative to last year to a mere 0.1 percent. Through August, 9,949 residential repair and alteration permits have been issued. Please note that the permit data included in the Fairfax County Index are for July to coincide with the availability of the Index's other data components.

#### **National housing starts through August only up in the Northeast...**

New privately owned housing starts on the national level continue to be down. Through August, housing starts trail the previous year by 4.0 percent, according to the Commerce Department. As has been the pattern for the past several months, only the Northeast is experiencing growth relative to 1996. To date, declines of 9.8 percent, 5.7 percent, and 1.5 percent have been established in the Midwest, the West, and the South, respectively. By contrast, housing starts in the Northeast are outpacing the prior year by a 2.9 percent margin.

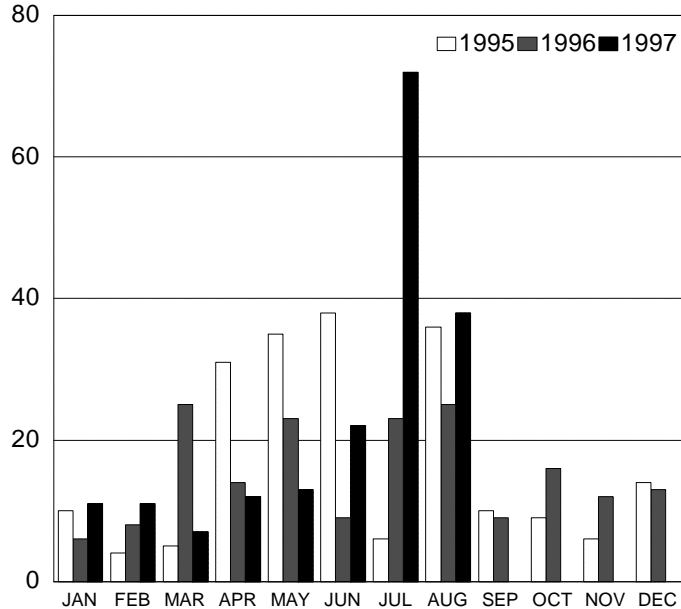
#### **Issues of residential building permits down nationwide through August...**

The Commerce Department also reported that the number of residential building permits issued nationwide through August trails that of 1996 by 2.0 percent. Once again, only the Northeast is experiencing growth relative to 1996. Through August, residential building permits issues are up 3.7 percent in the Northeast. By contrast, declines of 9.6 percent, 0.8 percent and 0.1 percent have been registered in the Midwest, the West and the South, respectively.

#### **Issues of residential dwelling permits by the County down through August...**

Issues of new residential dwelling permits in August narrowly outpaced the prior year, increasing 0.8 percent. Through August, 4,381 permits have been issued, down 32.4 percent, or 2,097 permits. This deficit

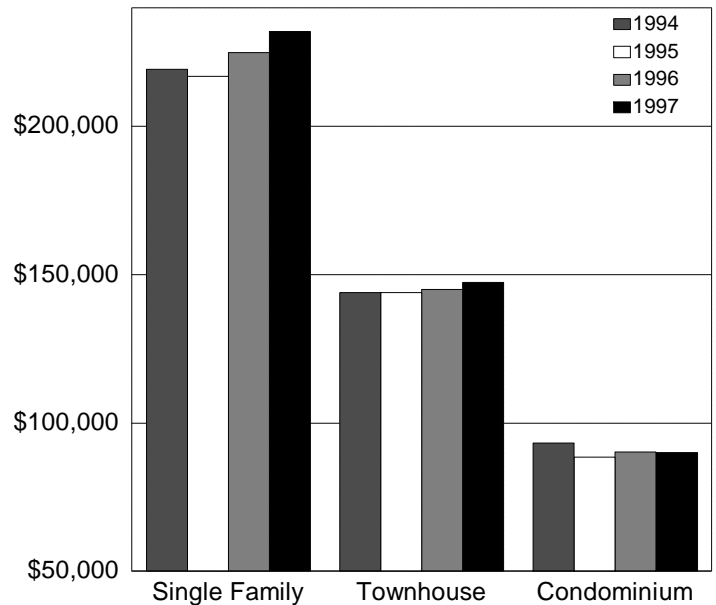
## NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



Source: Department of Environmental Management  
Compiled by the Fairfax County Office of Management and Budget

## HOME SALES IN FAIRFAX COUNTY

### MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY - JULY 1997 COMPARED TO ANNUAL MEDIAN PRICES 1994 - 1996



Source: Department of Tax Administration  
Compiled by the Fairfax County Office of Management and Budget

#### **Nonresidential building permit issues up in County...**

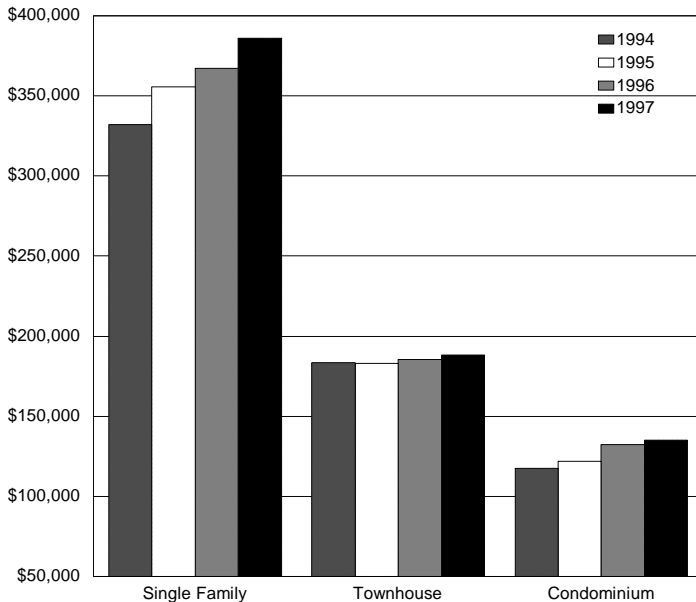
For the third consecutive month, a significant increase in the number of nonresidential building permits issued was posted in August. As a result, issues through August top that of last year by 39.9 percent, or 53 permits. To date, 186 nonresidential building permits have been issued. By contrast, issues of nonresidential repair and alteration permits lost ground again in August. Through August, 2,588 nonresidential repair and alteration permits have been issued, down 2.4 percent, or 63 permits from last year.

#### **Existing townhomes and single family homes selling at higher prices...**

Based on sales data through July, the median selling prices of existing townhomes and single family homes in the County have increased, while that of existing condominiums has declined slightly. More specifically, the median selling price of existing single family homes through July is \$232,000, up 3.1 percent from 1996's \$225,000. Similarly, a median selling price of \$147,500 has been established for existing townhomes through July, up 1.7 percent over the \$145,000 established in 1996. By contrast, existing condominium sales through July indicate a slight 0.3 percent decline in the median selling price to \$90,000 from \$90,243 in 1996.

Please note that staff verifies that each real estate transaction is an arms-length sale. In doing so, these data may be revised in the coming months.

### MEDIAN PRICE OF NEW HOMES SOLD JANUARY - JULY 1997 COMPARED TO ANNUAL MEDIAN PRICES 1994 - 1996

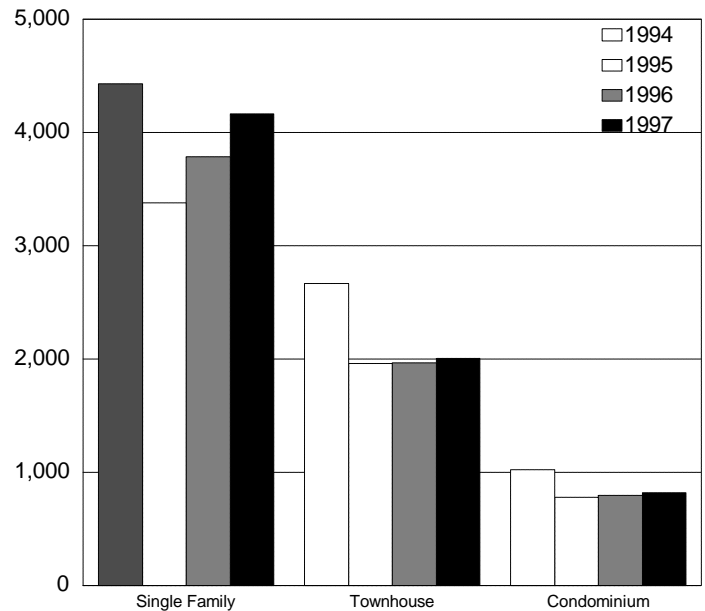


Source: Department of Tax Administration  
Compiled by the Fairfax County Office of Management and Budget

#### ***Sales of new homes indicate price increases...***

Sales data through July indicate increases in the median selling prices of new homes in the County. For the first seven months of the year, the median selling price of new single family homes has increased 5.1 percent to \$385,772 from the \$367,225 registered in 1996. New condominiums have sold for a median price of \$134,927, an increase of 2.1 percent over the \$132,185 registered in 1996. On a smaller, but still positive note, new townhomes have sold for a median price of \$188,314 thus far in 1997, up 1.6 percent from the \$185,400 established in 1996.

### NUMBER OF EXISTING HOMES SOLD JANUARY - JULY 1994 - 1997



Source: Department of Tax Administration  
Compiled by the Fairfax County Office of Management and Budget

#### ***Volume of existing home sales up relative to 1996...***

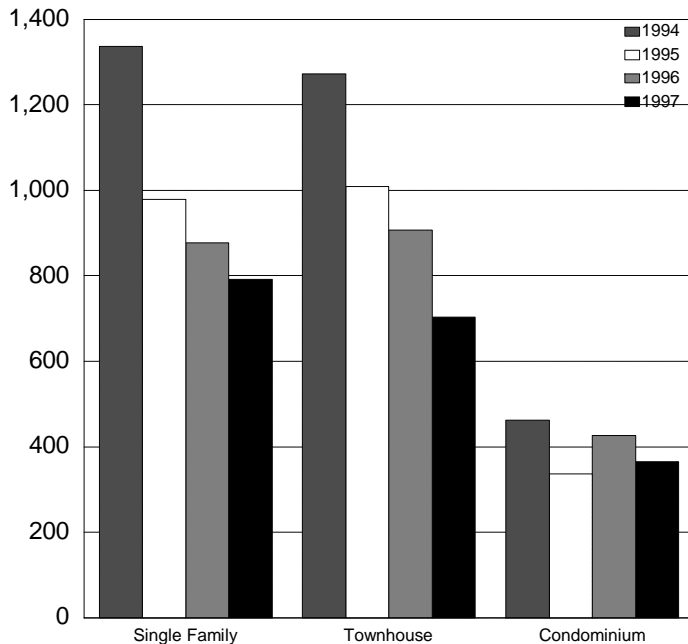
Sales volume of existing homes in July outpaced that of one year ago by significant margins, thereby contributing to the year-to-date leads established in the prior months. Through July, 4,164 existing single family homes were sold, up 10.0 percent, or 379 homes, over the level registered in 1996. Additionally, 820 existing condominiums sold through July, resulting in a lead of 3.4 percent, or 27 homes, over last year. Sales of existing townhomes total 2,004 units through July, and are up 2.0 percent, or 40 units, over the same period in 1996.

### PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD JANUARY - JULY 1997 COMPARED TO 1996 ANNUAL

	Existing Sales	New Sales
Single Family	3.1	5.1
Townhouse	1.7	1.6
Condominium	-0.3	2.1

Source: Department of Tax Administration  
Compiled by the Office of Management and Budget

### NUMBER OF NEW HOMES SOLD JANUARY - JULY 1994 - 1997



Source: Department of Tax Administration  
Compiled by the Fairfax County Office of Management and Budget

#### **Sales of new homes continue to weaken in terms of volume...**

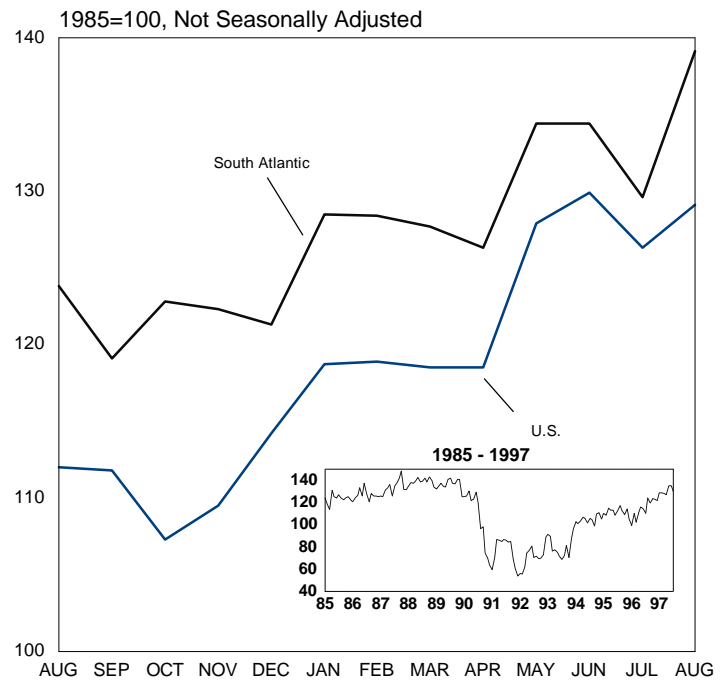
Sales volume of new homes weakened once again in July, thereby sustaining the cumulative deficits relative to last year. New condominiums and townhome sales have fallen the most to date. Through July, 365 new condominiums have been sold, down 14.5 percent, or 62 units, from the same period in 1996. Similarly, sales of new townhome total 704 through July and are down 22.4 percent, or 203 units, from 1996. To date, 792 new single family homes have been sold, down a more moderate 9.7 percent, or 85 homes, from last year.

#### **Sales volume of new homes nationwide up 7.4 percent through July...**

Slowing sales of new homes nationwide caused the year-to-date lead relative to 1996 to narrow to 7.4 percent, according to the Commerce Department. More specifically, new home sales are up 37.8 percent in the Northeast, 7.3 percent in the South, 3.0 percent in the West, and 1.2 percent in the Midwest through July.

### ADDITIONAL INDICATORS

#### CONSUMER CONFIDENCE INDICES

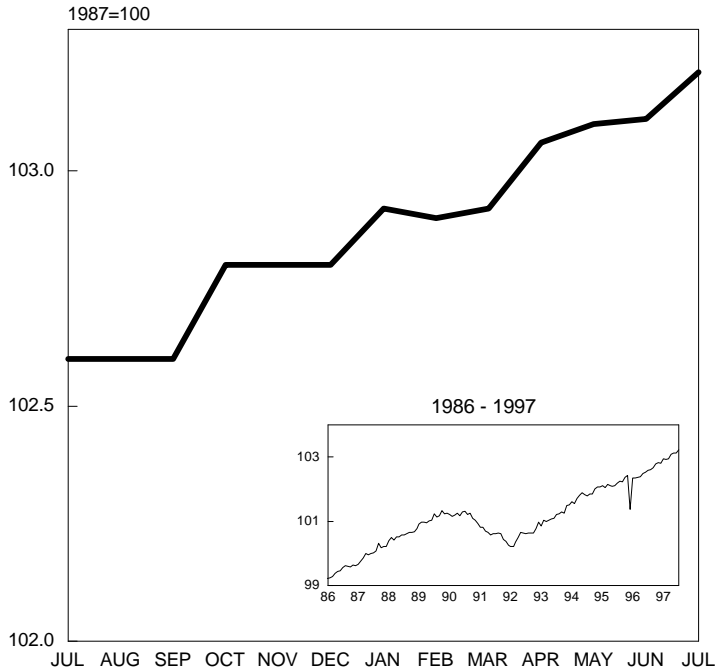


#### **Consumer confidence on all levels increases in August...**

The Conference Board's South Atlantic Consumer Confidence Index posted another gain in August, climbing 0.5 points to 139.1. As shown in the chart, consumer confidence has strengthened notably during the past 12 months. Similarly, the national Consumer Confidence Index rose 2.8 points to 129.1 in August.

The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices which consider the Washington Metropolitan economy, and the Virginia Indices which focus on the entire Commonwealth. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

### FAIRFAX COUNTY COINCIDENT INDEX



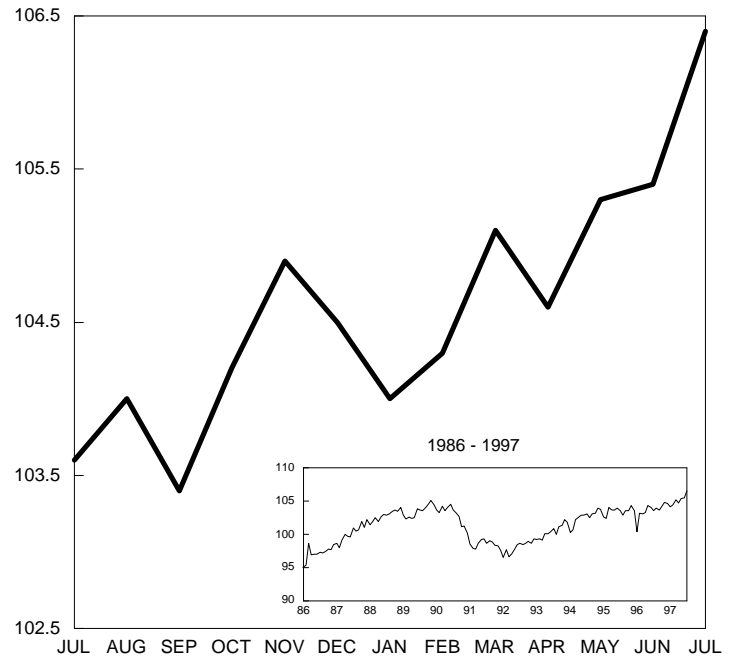
Sources: Dr. Stephen Fuller  
Fairfax County Office of Management and Budget

#### County Coincident Index inches forward in July...

The Fairfax County Coincident Index, which represents the current state of the County's economy, gained 0.1 point in July, increasing to 103.21. The County Coincident Index has sustained a positive trend for five consecutive months, indicating that the County's economic growth has slowly accelerated. In July, three of the Index's four components were positive. Total covered employment increased sharply after declining marginally in June; Transient Occupancy Tax collections posted a second straight gain; and, Sales Tax receipts increased following two months of declines, adjusted for seasonal variation and inflation. By contrast, the South Atlantic Consumer Confidence Index slipped, after registering four consecutive gains.



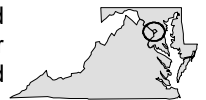
### METROPOLITAN COINCIDENT INDEX



Source: Economic Reporter Online  
Compiled by the Fairfax County Office of Management and Budget

#### Area economy still performing well...

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, advanced 1.0 point in July to 106.4. Three of the Index's four components made positive contributions in July. More specifically, domestic airport passenger volume surged in July, while nondurable goods retail sales and total wage and salary employment increased more moderately. By contrast, consumer confidence in the South Atlantic lost ground in July.

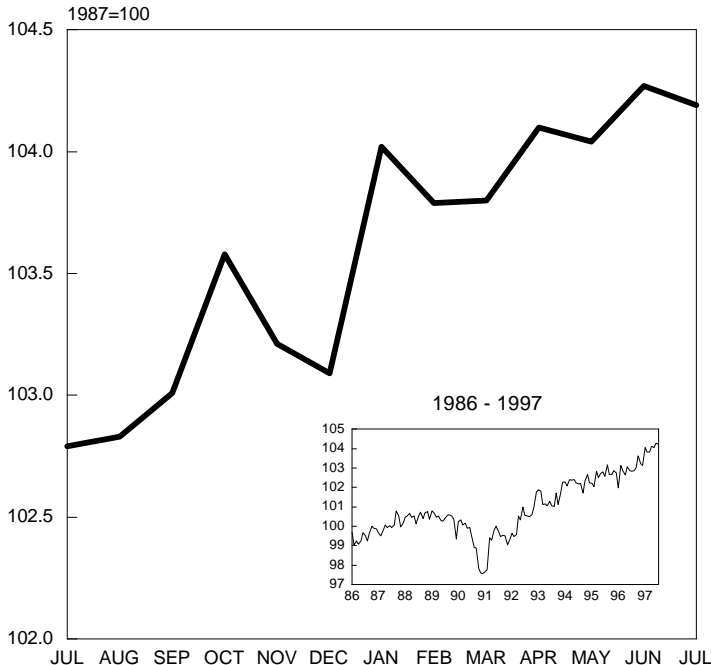


#### Virginia's economic expansion continues...

Crestar Bank's Virginia Coincident Index advanced 0.8 points in July to 147.5, the Index's largest one month gain since January. Only real taxable retail sales and real bank deposits were negative in July.

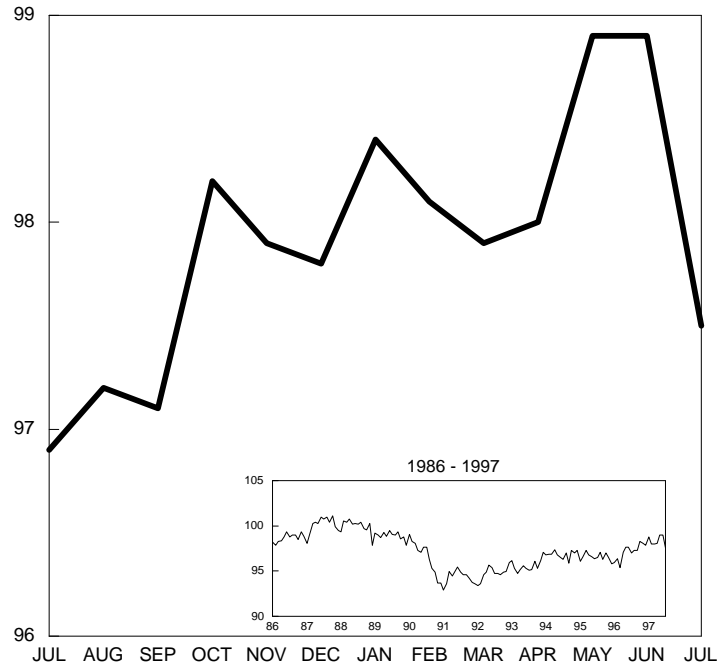


## FAIRFAX COUNTY LEADING INDEX



Sources: Dr. Stephen Fuller  
Fairfax County Office of Management and Budget

## METROPOLITAN LEADING INDEX



Source: Economic Reporter Online  
Compiled by the Fairfax County Office of Management and Budget

### County Leading Index slips again...

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, lost 0.08 points in July, declining to 104.19. Although this is the Index's third loss this year, it has gained 1.4 percent over the last 12 months. As a result, further economic expansion in the County is anticipated. In July, three of the Index's five components contributed to its decline. Initial claims for unemployment insurance increased (worsened); consumer expectations (consumer confidence six months hence) declined for the fourth time in five months; and, the mean value of residential building permits declined moderately. On the positive side, new automobile registrations posted a second straight gain and the number of residential building permits issued increased sharply in July following two months of declines.



### Fairfax County leads region in economic growth...

A recent report released by the Metropolitan Washington Council of Governments identified Fairfax County as the region's leader in economic growth. This status stems from the County's ability to create new jobs and attract more federal procurement dollars than other jurisdictions in the area. According to the report, more than half of the new jobs created since 1992 in the region are located in Fairfax County.

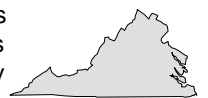
### Metropolitan Leading Index slips in July...

In July, 1.4 points were shaved off the Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington metropolitan area 9 to 12 months in advance. As a result, the Index declined to 97.5. In July, only durable goods sales made a positive contribution to the Index. Issues of residential building permits, consumer expectations, initial unemployment claims, and the Help Wanted Index all worsened in July.



### Virginia poised for further moderate growth...

The Virginia Leading Index, produced by Crestar Bank, advanced 0.1 point to 162.3 in July. Although the slight increase suggests modest economic expansion, this is reasonable given the fact that many components are at historically high levels.



Inquiries should be directed to:

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